

Franchise Tax Board

Author: Ducheny Analyst: Jeani Brent Bill Number: AB 489

Related Bills: None Telephone: 845-3410 Amended Date: 05/19/1999

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Unemployment Insurance Taxes and Employment Training Taxes on Tips
Credit/FTB to Report to Legislature Annual Number of Taxpayers Claiming
the Credits and the Value of the Credits

X DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced February 18, 1999.

 AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____

X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 18, 1999, STILL APPLIES.

X OTHER - See comments below.

SUMMARY OF BILL

Under the Bank and Corporation Tax Law and the Personal Income Tax Law, this bill would allow employers a tax credit equal to the amount paid or incurred in the taxable or income year for unemployment insurance taxes and employment training taxes on employee tips.

SUMMARY OF AMENDMENT

The May 19, 1999, amendments resolved the department's implementation considerations by accepting the amendments suggested in the department's analysis of the bill as introduced and added a reporting requirement for the department. The amendments also resolved the policy concern regarding a sunset date. Except for the items discussed in this analysis, the department's analysis of the bill as introduced still applies.

EFFECTIVE DATE

As a tax levy, this bill would become effective upon enactment. The bill specifies that the tax credits would apply to taxable or income years beginning on or after January 1, 2000, and before January 1, 2007.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would occur during the department's normal annual update.

LEGISLATIVELY MANDATED REPORTS

This bill would require the department to report to the Legislature by January 1, 2006, the annual number of taxpayers claiming the credits and the value of those credits claimed each year.

BOARD POSITION

Neutral.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a neutral position on this bill.

Board Position:

$$\frac{\text{---}}{\text{---}} \begin{matrix} \text{S} \\ \text{SA} \\ \text{X} \quad \text{N} \end{matrix}$$

_____	NA
_____	O
_____	OUA

_____	NP
_____	NAR
_____	PENDING

Department/Legislative Director	Date
---------------------------------	------

Johnnie Lou Rosas **6/17/1999**